



RRSP Investors: 2 Stocks to Buy Before the March Deadline

Description

The Registered Retirement Savings Plan (RRSP) deadline for 2020 contribution is March 1. Once that deadline passes, all RRSP contributions will only be eligible for the following year's tax return.

Canadians are eligible to contribute up to \$27,230 or 18% of their earned income from the previous year, whichever is less.

Typically, Canadians will use their RRSP for retirement savings, so investment time horizons are usually long term. As a result, [Canadian RRSP contributors](#) have many years to benefit from tax-free compounded interest.

When it comes to selecting investments for your RRSP, Canadians should consider owning funds with a certain level of growth potential. You'll want to take advantage of the fact that you'll be holding on to these funds for years. The higher the annual rate of return you can earn, the higher your nest egg will be when it comes time to begin withdrawing from it.

I've covered two top Canadian stocks that would be wise additions to a long-term investment portfolio. Both stocks own top market positions in high-growth industries.

If you're looking to make a last-minute addition to your RRSP, these are two Canadian stocks you'll want to consider.

RRSP stock #1: Constellation Software

Not even a global pandemic could slow the tech sector to drive the Canadian market to a positive return last year.

Investors across the globe witnessed all kinds of market opportunities that were created by the unprecedented market conditions, which led to a massive surge in tech stocks for most of 2020.

Heading in 2021, we're seeing many of those high-growth tech stocks trade at steep valuations, but I don't think the growth is slowing down just yet.

Many of those are high-growth tech stocks are relatively new to the **TSX**. Those types of stocks are richly valued because of the growth potential. Investors are willing to pay a premium today if it gives them the chance to own a multi-bagger over the long term.

Not all tech stocks are overvalued, though. For Canadians looking to add a reasonably priced market-beating tech stock to their RRSP, **Constellation Software** ([TSX:CSU](#)) is the stock for you.

Shares of the software company are up more than 200% over the past five years. Growth may be slowing, but the \$30 billion tech stock still managed to increase its share price by 30% in 2020.

Constellation Software might be past its multi-bagger growth days, but it's far from done in terms of outperforming the Canadian market.

RRSP stock #2: Northland Power

Technology might have been the top sector in 2020, but renewable energy was not far behind.

The [tailwinds for green energy](#) stocks are clear, which is why I'm extremely bullish on the entire sector. Consumers and businesses are becoming increasingly more aware of their carbon footprint. We're seeing some of the largest companies in the world announce plans of becoming completely carbon-free over the next few decades.

For any long-term investor looking to make a contribution to their RRSP, I strongly believe having exposure to renewable energy would be an excellent choice.

Canadians have a few green energy stocks to choose from, but one of my favourites in the sector is **Northland Power** ([TSX:NPI](#)). The company can provide RRSP investors with instant diversification to the industry. It owns and operates facilities across all types of renewable energy sources.

Over the past five years, shares of the green energy stock are up close to 150%. Of that 150% growth, 70% came in 2020 alone.

Unlike Constellation Software, I believe the best has yet to come for Northland Power. I'm betting that we'll see the stock have a stronger next five years than the previous five.

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1. Energy Stocks
2. Investing
3. Tech Stocks

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TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:NPI (Northland Power Inc.)

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